

Understanding and Using eRate in New Hampshire

Best Practices Conference on School Operations,
Finance, and Business Leadership

Dr. Cathy Higgins and Ms. Beverly Straneva

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General Information

- Federal Communications Commission (**FCC**), an independent U.S. government agency, oversees the E-rate program
- Universal Service Administrative Company (**USAC**), a not-for-profit, administers E-rate along with three other programs
- Schools and Libraries Division (**SLD**) is the part of **USAC** with responsibility for E-rate

General Information

- **FCC** sets rules and policies through orders
 - Rules are compiled in the Code of Federal Regulations (**CFR**)
 - Policies are defined in the text of orders
- **USAC/SLD** sets procedures for specific actions, such as how to process applications
 - **USAC** sends its procedures to the **FCC** for approval each year

General Information

- Commitments for E-rate are made by funding year, which runs from July 1 through the following June 30
 - e.g., FY2010 is July 1, 2010 – June 30, 2011
- Commitments are capped at \$2.25 billion for each funding year
 - Once each year, **FCC** can roll over unused funds from previous funding years into the current funding year

General Information

- **Form 470**: File from April before the **Window** to 28 days before the **Window** closes
- **Form 471**: Must be filed during the **Window**, generally mid-November to early February before the start of the funding year
- **Funding waves**: Groups of funding decisions issued after USAC review – waves generally start in April before the start of the funding year
- **Invoices**: Can file after services are received for the funding year

General Information

- Who can apply?
 - Schools and school districts
 - Libraries and library systems
 - Consortia – groups of eligible entities that band together to aggregate demand and negotiate lower prices

General Information

- How large are the discounts on eligible products and services?
 - Discounts: 20% to 90% of eligible costs
 - Discount for a school or library depends on:
 - Percentage of eligibility of students for National School Lunch Program (**NSLP**) in:
 - (for a school) the school
 - (for a library) the school district in which the library is located
 - **Urban** or **rural** location of the school or library

Technology Plan

- You must write a technology plan that contains the following elements:
 - Goals and strategies for using technology to improve education or library services
 - Staff training
 - Needs assessment
 - Budget
 - Evaluation plan
- Note: if you are only requesting **basic telephone service**, a technology plan is not required

Technology Plan

- The plan must cover the requested year.

Example: services are now being requested for
7/1/10 - 6/30/11

Schools must have a technology plan in place to cover this time period before eRate requests can be submitted.

RETAIN, RETAIN, RETAIN

First step, Form 470

- You post a Form 470 to:
 - Open a competitive bidding process
 - Notify potential bidders (service providers) of the types and quantities of services that you need
 - Define the scope of your needs (e.g., a school building, a library system, a state network)

Next step, competitive bidding

- After you close the competitive bidding process for your services (on or after the **ACD**):
 - You can evaluate the bids received
 - You can choose your service provider(s)
 - You can sign a contract
 - You can post a Form 471

Communicate decision

- You post a Form 471 to:
 - Report information on the service providers and services you have chosen
 - Provide a list of the schools and libraries that will receive services
 - Include discount calculation information including student **NSLP** counts
 - Certify your compliance with program rules

USAC review

- **USAC** reviews your Form(s) 471 to:
 - Check the eligibility of the schools and libraries and their discount levels
 - Verify that the services you requested are eligible for discounts
 - Give you an opportunity to make allowable corrections to your form
 - In some cases, ask for additional verification of your compliance with program rules

Confirm start of services

- Acronyms and terms
 - **Form 486 Notification Letter** – a letter issued by **USAC** to the applicant and service provider after a Form 486 has been processed

Invoicing

- Applicants have a choice of two invoicing methods to receive discounts on eligible services:
 - Billed Entity Applicant Reimbursement (**BEAR**) Form 472
 - Service Provider Invoice (**SPI**) Form 474

What is eligible

- The Eligible Services List (ESL)
- Product/Service Eligibility
 - Priority One
 - Telecommunications
 - Internet Access
 - Priority Two
 - Internal Connections (IC)
 - Basic Maintenance of IC
- Miscellaneous

Priority One

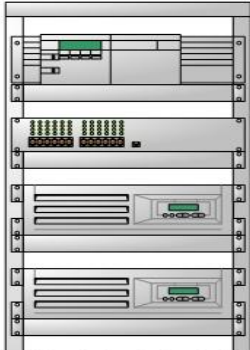
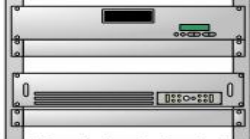

- Basic telephone services do NOT require a technology plan
 - 800 service
 - Centrex service
 - Local phone service
 - Long distance service
 - POTS (Plain Old Telephone Service)
 - Radio loop
 - Wireless telephone services

Priority One

- Basic conduit access to the Internet, E-mail service, and web hosting are eligible IA services
- Basic conduits include but are not limited to:
 - Broadband over Power Lines (BPL)
 - Cable Modem
 - Digital Subscriber Line (DSL)
 - Satellite
 - T-x, DS-x, OC-x

Priority Two

- Internal connections
- Some maintenance on equipment

Eligibility	Product - Function	
Eligible		Router – Data Distribution Switch – Data Distribution E-mail Server - Servers DHCP/DNS Server - Servers
Conditionally Eligible *		Tape Drive - Data Protection Uninterruptible Power Supply (UPS) - Data Protection
Not Eligible		Application Server - Servers

Conditions:

*Eligible if used with eligible equipment.

Cost Allocation may be utilized if supporting ineligible equipment

CIPA

- Children's Internet Protection Act was signed into law on December 21, 2000
 - Beginning with FY2001, CIPA sets certain requirements for E-rate recipients of service receiving funds for Internet Access, Internal Connections, and Basic Maintenance of Internal Connections
 - CIPA DOES NOT APPLY to Telecommunications Services

CIPA

- CIPA requirements
 - Internet Safety Policy
 - Technology protection measure
 - Public notice and public hearing or meeting
- First, second, and third funding years
- Administrative authority
- Form 486 and Form 479
- Certification deadlines

Internet Safety Policy

- Internet Safety Policy (ISP) must:
 - Address certain policy issues (next slide)
 - Be addressed at a public hearing or meeting for which reasonable notice is provided
 - Include a technology protection measure
 - (Schools only) Include monitoring of online activities of minors
- Be sure to retain a copy of your ISP
- RETAIN, RETAIN, RETAIN

Internet Safety Policy

- Policy issues that must be addressed:
 - Access by minors to inappropriate material
 - Safety/security of minors when using e-mail, chat rooms, other direct electronic communications
 - Unauthorized access, including “hacking” and other unlawful activities by minors online
 - Unauthorized disclosure, use and dissemination of personal information regarding minors
 - Measures designed to restrict minors’ access to materials harmful to minors

FILTER

- Technology protection measure (filter)
 - Specific technology that blocks or filters Internet access
 - Must protect against access by adults and minors to visual depictions that are obscene, child pornography, or harmful to minors
 - Can be disabled for adults engaged in bona fide research or other lawful purposes
- Filter can be provided by a school or library, a district, a consortium, or a service provider
- Retain proof that the filter was in place and working

PUBLIC HEARING

- Internet Safety Policy must be addressed at a public meeting or hearing
 - For private schools, “public” notice means notice to appropriate constituent group
- Retain documentation of public notice (newspaper ad, flyer, announcement in other publication)
- Retain documentation of hearing or meeting (board agenda, meeting minutes)
- **LACK OF PROOF IS A MAIN AUDIT ISSUE**

REMINDER

- Applicants must maintain documentation for five years after the last day to receive service
- Because CIPA applies for every funding year from FY2001 going forward, you must maintain proof of CIPA compliance on an ongoing basis
 - Proof of public notice of public meeting or hearing
 - Proof of public meeting or hearing
 - Copy of Internet Safety Policy
 - Documentation that the technology protection measure was in place during the funding year (maintenance logs, filtering logs, proof of purchase or description of filter from service provider)
 - For schools: documentation of monitoring the online activities of minors

New CIPA changes

- Protecting Children in the 21st Century Act
 - FCC is working on a Notice of Proposed Rulemaking (NPRM) concerning the requirements in this act
 - After the NPRM is issued, there will be a specific period when interested parties can submit comments
 - After the comments and reply comments have been reviewed, the FCC will issue an order
 - The order will contain information about any new requirements (rule changes) for program participants
 - Until then, CIPA requirements under the E-rate program remain unchanged

Auditing response

What is Audit Response?

- Process used by USAC address audit outcomes and take appropriate actions
- Includes follow up with the applicant to try to resolve findings and issues and provide training
- May include recovery of funds
- May include further review of entities' policies and procedures

Audits: document retention

- Document retention timeframes:
 - 5 years from last date to receive service
 - FY 2010 – this is at least **June 30, 2016**
 - Any document from a *prior year* that supports current year must be kept until 5 years from last date to receive service as well
 - e.g. Contract signed in 2004, used to support FY 2010 FRNs, must be kept until at least **June 30, 2016**

Audits: findings

- Findings are generally rule violations or severe internal control weaknesses
- Findings may require recovery of funds
- Common findings include:
 - CIPA violations
 - Technology Plans
 - Ineligible Entities and Services
 - Competitive Bidding
 - Discount Calculation

Audits: findings

- Lack of conflict of interest policy at the schools
- Lack of data retention policy

Audits: findings

Rule Violations

- Equipment cannot be located or in ineligible locations
- Discount rate can't be supported
- Contract prior to end of 28-day period
- Applicant didn't pay their share

Procedural issues

- Asset listing was not maintained, equipment not at site listed on 471
- Applicant did not retain copies of documentation used to complete 471

Audit outcomes

- Audit Response Team reaches out to applicant to try to resolve issues identified by auditors
- Findings are resolved
 - Applicant or service provider provide documentation not available during audit
 - Finding is addressed and closed out
- Findings are **not** resolved
 - Recovery of funds for rule violations begins

Future needs

SETDA Key Bandwidth Recommendations

- In 2-3 years
 - External connection of 10 Mbps per 1,000 students/staff
 - Internal WAN connections of 100 Mbps per 1,000 students/staff
- In 5-7 years
 - External connection of 100 Mbps per 1,000 students/staff
 - Internal WAN connections of 1 Gbps per 1,000 students/staff
- Scalability is critical

Future needs

A unified, ubiquitous, high speed Internet access solution for K-12 schools to:

- Support 21st century scaleable learning environments
- Enable increased educational outcomes
- Facilitate education initiatives
- Leverage existing statewide infrastructure providers to improve capacity
- Maximize E-Rate funding and best leverage local and state funds
- Facilitate pro-technology policies and stimulate innovation, competitiveness, and transition to digital education

Possible solutions

Establish consortium of schools to request managed serviced option

This option provides

- **Single Network Provider, but Flexible and Customizable Service**
 - **Self-service tools for large districts seeking autonomy**
 - **Comprehensive service and assistance to smaller districts**
- **Leverage Existing and Build New Relationships with Local Providers**
 - **Use existing facilities (telecom, wireless, cable, satellite, municipal, state and local district installed infrastructure) where they exist**
 - **Create competitive opportunities in each community for existing or new providers**
- **Provide On-Site Account Management and Extensive E-Rate Assistance**

Benefits

- Single Network Provider, but Flexible and Customizable Service
 - Self-service tools for large districts seeking autonomy
 - Comprehensive service and assistance to smaller districts
- Leverage Existing and Build New Relationships with Local Providers
 - Use existing facilities (telecom, wireless, cable, satellite, municipal, state and local district installed infrastructure) where they exist
 - Create competitive opportunities in each community for existing or new providers
- Provide On-Site Account Management and Extensive E-Rate Assistance

Key Concerns Addressed

Benefits

	FUNDING	CAPACITY	SCALABILITY	EDUCATIONAL OUTCOMES	TIME SAVINGS
Economies of Scale	●	●			
Comprehensive & Equitable Service		●	●	●	
High-Speed, Reliable & Scalable Service		●	●	●	●
Cost Effective/ Maximizing E-Rate	●				●
Vendor-Neutral Flexibility		●	●		
E-Rate Filing Assistance	●				●
Continuous Technology Improvement		●	●		
Education-Focused Service & Support				●	
Flexible Funding & Local Control	●				●
Safety & Security				●	●
Individual Agency Procurement Time Savings	●				●
Value-added Services	●			●	●

Next steps

- Consortium develops RFP for services
 - Includes Internet services
 - Options: filtering
 - Options: email
 - Options: firewall

Posts Form 470 and RFP, reviews bids and weighs responses

Next steps

- Meeting next week
- Look for more information and the potential to join
- Ideally, we'd like to assemble Consortium Advisory Board next week and finalize the RFP at that time!

See:

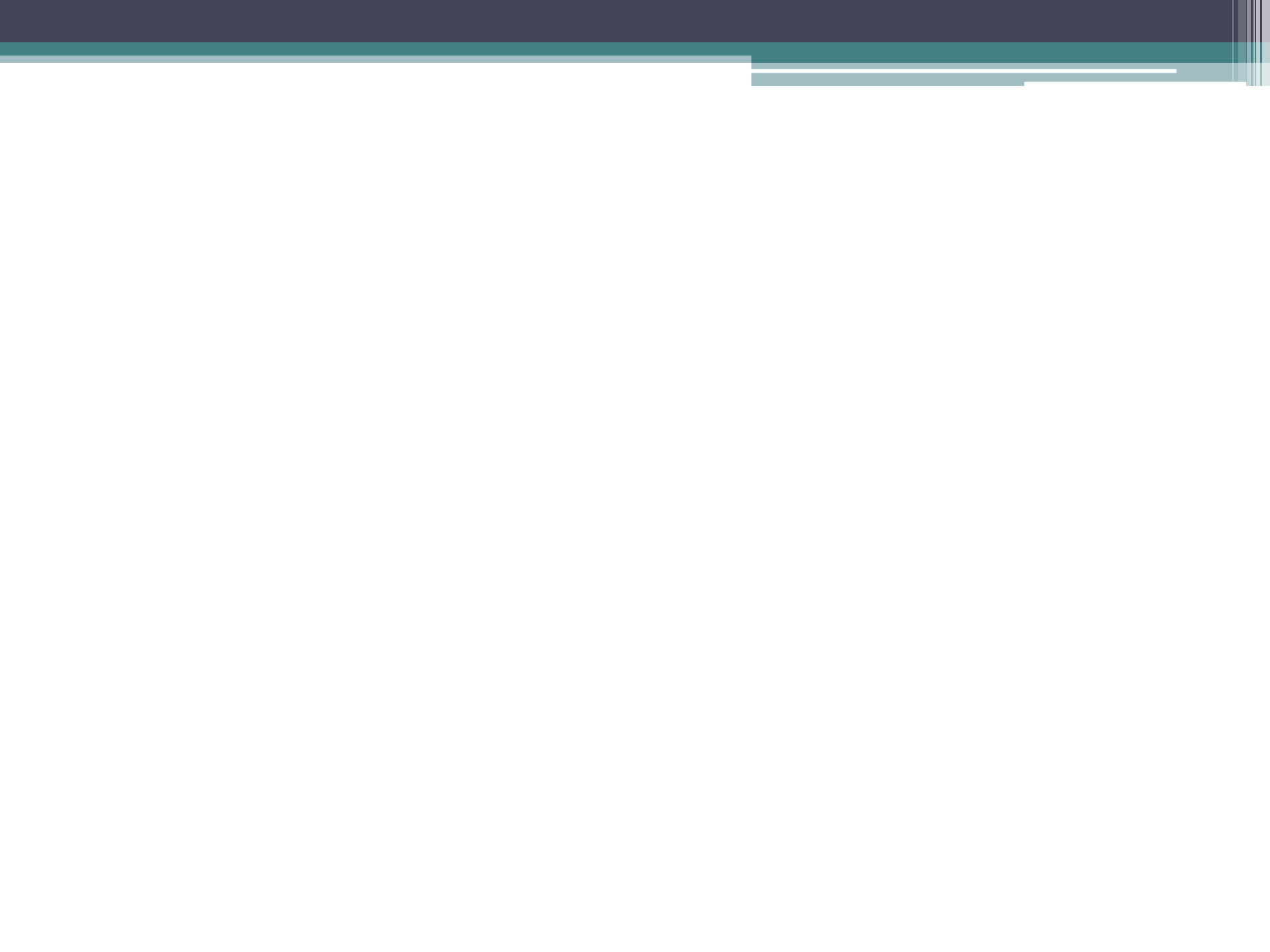
- www.nheon.org/oetb and click on the E-Rate tab at the top for ongoing information
- www.nheon.org/oet/erate

Audits: document retention

- Helpful resources to guide retention:
 - [Documentation Retention Requirements](#)
 - [Documentation Checklist](#)
 - [E-Rate Binder Table of Contents](#)
 - [Sample Inventory List/Asset Register](#)

USAC Help

- Client Service Bureau (**CSB**)
 - 1-888-203-8100
 - [Submit a Question](#)
- [SL News Briefs](#)
- [Tip Sheets](#)
- USAC website – www.usac.org/sl
 - [E-rate Binder](#)



New Hampshire Contacts

- For more information about a NH E-Rate Consortium, contact Bev Straneva at bstraneva@keene.edu
- For questions about Technology Plans, contact Cathy Higgins at chiggins@ed.state.nh.us